

INVESTMENT ADVISORY COUNCIL
WEDNESDAY, November 12, 2008

MEETING NO. 360

Members present:

Thomas Fiore, representing Robert Genuario***
Michael Freeman
David (Duke) Himmelreich
James Larkin, Chairman
Stanley (Bud) Morten
William Murray
Denise L. Nappier, Treasurer**
Carol Thomas*
Peter Thor

Absent:

Thomas Barnes
Sharon Palmer
David Roth

Others present:

Howard G. Rifkin, Deputy Treasurer
Linda Hershman, Assistant Deputy Treasurer/Chief of Staff
Lee Ann Palladino, Acting Chief Investment Officer
Paul Coudert, Cash Management
Joanne Dombrosky, Principal Investment Officer
Gregory Franklin, Assistant Treasurer-Investments
Marc Gagnon, Cash Management
Peter Gajowoski, Cash Management
Donald Kirshbaum, Investment Officer
David Holmgren, Principal Investment Officer
Wayne Hypolite, Executive Assistant
David Johnson, Principal Investment Officer
Catherine LaMarr, General Counsel
Shelagh McClure, Director of Compliance
Meredith Miller, Assistant Treasurer-Policy
Jason Price, Principal Investment Officer
Linda Tudan, Chief Executive Assistant
Lawrence Wilson, Assistant Treasurer-Cash Management
Christina McGinnis, Executive Secretary
Winifred (Winnie) Scalora, Administrative Assistant

Guests:

Bradley Atkins, Franklin Park
Laura Backman, State Street Bank & Trust
Joseph Barcic, Mercer Investment Consulting
Ardra Belitz, Lazard Asset Management, LLC
Robert Bernstein, Leeds Equity Partners, LLC

* Arrived at 9:10 a.m.

** Left at 10:25 a.m.

*** Arrived at 2:00 p.m.

Makaiya Brown, Mercer Investment Consulting
Jaeson Dubrovay, New England Pension Consultants
Thomas Franzese, Lazard Asset Management, LLC
Atif Gilani, Leeds Equity Partners, LLC
Talmadge Gunn, Ambassador Capital Management
Maykala Hariharan, Rogerscasey
Carter Harned, Leeds Equity Partners, LLC
Harvey Kelly, Leumas Advisors
Julie Naunchek, CSEA-Retiree Council #400
Saumil Parikh, Pacific Investment Management Company LLC
Gregory Prost, Ambassador Capital Management
Paul Reisz, Pacific Investment Management Company LLC
Melody Rollins, Pacific Investment Management Company LLC
John Ross, Rogerscasey
Michael Salvay, Payden & Rygel
Mamak Shahbazi, Colchester Global Investors
Claire Shaugnessy, Rogerscasey
Ian Sims, Colchester Global Investors
Cynthia Steer, Rogerscasey via Telephone
Mary Beth Syal, Payden & Rygel

With a quorum present, Chairman James Larkin called the Investment Advisory Council (“IAC”) Meeting to order at 9:02 A.M.

Approval of Minutes

Chairman Larkin asked for comments on the Minutes of the October 8, 2008 IAC meeting. **There being no comments, a motion was made by David Himmelreich, seconded by Peter Thor, that the Minutes of the October 8, 2008 IAC meeting be accepted as drafted. The motion was passed unanimously.**

Comments by the Treasurer

Treasurer Denise Nappier began her opening comments by reporting on decisions she made after considering the feedback from the IAC, staff, the consultant, and the due diligence process. Regarding two real estate investment opportunities presented at the October 8, 2008 IAC Meeting, Treasurer Nappier reported that she authorized a \$50 million commitment to Starwood Opportunity Fund III, a fund created to capitalize on opportunities around the globe; and a \$25 million commitment to Covenant Apartment Fund VI, an emerging real estate investment firm, which would utilize Fund VI to purchase and rehabilitate apartment projects built between 1970 and 1999. Treasurer Nappier reported that she also made a final decision on the Candover 2008 fund, a European buyout fund that focused on investment to mid-sized and large companies based in Western Europe. She stated that she authorized a \$75 million capital investment in this private

equity opportunity. Treasurer Nappier noted that all commitments were contingent upon successful contract negotiations.

Regarding the Small Cap Equity Search for the Developed Markets International Stock Fund, Treasurer Nappier stated that she authorized commitments of \$140 million each to Dimensional Fund Advisors, LLC (“DFA”) and William Blair & Company, LLC, (“William Blair”), after considering the feedback from staff, the IAC and the due diligence process. She further commented that DFA adds value by investing in a broadly diversified cross section of stocks and employs a quantitative approach while William Blair focuses on highly profitable companies that demonstrate consistent rates of growth and are well managed. Treasurer Nappier noted that both of these managers complement our existing fundamental-style money manager in this space, Schroders Investment Management. She then stated that both commitments were contingent upon successful contract negotiations.

Treasurer Nappier commented that the say-on-pay resolution received the highest shareholder vote ever at 67% in favor.

Finally, Treasurer Nappier commented on the efficacy of the Connecticut Retirement Plans and Trust Funds’ (“CRPTF”) investment policy in light of the unprecedented turmoil in the financial markets. She stated that during the last three months, the pension fund’s market value, like all other market participants, had declined as virtually every asset class with the exception of the Liquidity Fund (“LF”) posted negative performance results. Based on past experience, Treasurer Nappier stated that the Office of the Treasurer’s (“OTT”) response had been to stay the course and wait patiently for the markets to stabilize and rebound. She continued that the general premise was that this is a long-term investment and the CRPTF’s well-diversified portfolio would weather this financial storm and was poised to meet its objective over the long term. Treasurer Nappier said that during the rebalance process, tactical moves may take place as appropriate within the confines of the existing asset allocation ranges, and that she instructed Pension Fund Management (“PFM”) staff to rebalance within this framework.

Notwithstanding the rebalancing process, Treasurer Nappier said it was important to consider the soundness of the CRPTF’s investment policy against this historic period in the financial markets. She noted that there has been a growing opinion in the industry forecasting a gloomy and unpredictable market outlook. Treasurer Nappier further commented that the market dislocation has raised some public debate about the merits of the underlying assumptions used as a basis in determining the CRPTF’s optimal portfolio composition including the use of Modern Portfolio Theory (“MPT”) and that some concerns about the appropriateness of the CRPTF’s investment policy have been recently raised by some members of the IAC. Lastly, she highlighted the necessity to be mindful that the pension fund represents the single largest source of revenue to help finance the State’s obligation to fund the defined benefit pension benefit and it is, therefore, incumbent upon all who have responsibility for investment policy to assess the potential consequence of exacerbating the State’s budget contribution, particularly in this environment.

Treasurer Nappier cited three options that should be considered: 1) Continue to follow CRPTF’s

investment policy by taking a vote of confidence and staying the course; 2) pursuing an interim asset allocation study; or, 3) pursuing a full blown asset allocation and liability study, which would take three to five years. She suggested that if all agreed there was a need to do a study and that discussions about the investment policy and presentations by consultants was not enough, this would require the need to expedite the study and adopt necessary policy changes.

Treasurer Nappier stated that Lee Ann Palladino, Acting Chief Investment Officer (“CIO”), would discuss the first option, continuing to follow the CRPTF’s investment policy by the current investment strategy, during her remarks on the CRPTF to provide further insight on this topic.

CRPTF Final Performance for the Month Ended September 30, 2008

Ms. Palladino reiterated Treasurer Nappier’s comments about the severity of current market conditions and cited the necessity to go back to the roots of the CRPTF’s investment strategy, which was derived from the Investment Policy Statement (“IPS”) and was approved in October 2007. She said that during volatile markets, it is important to put these events into the context of the CRPTF’s long-term investment strategy and policies. She then discussed Part II of the IPS, which was dedicated to the policy parameters, oversight and management of all fourteen plans and trusts and that the purpose, objectives and goals for each plan and trust was to be invested according to its own customized needs. Ms. Palladino then pointed out that all the plans and trusts have an important element in common and that is to provide a secure source of income currently and for the future. She further noted that funds needed to be available to pay the benefits of retirees for the Plans and that a stream of income needed to be maintained with protection of principal for the Trusts to meet the underlying causes for which they were originally designed.

Ms. Palladino reiterated Treasurer Nappier’s comment that the Plans and Trusts have a long-term horizon. She further stated that the IPS provided guidance on the long-term horizon, which is stated in the IPS and over a market cycle and that the market cycle should be monitored every three to five years. Finally, she noted that all of these asset allocations have been developed to meet these objectives.

Ms. Palladino then discussed the asset allocation assumptions and noted that the process for asset allocation has been outlined in Part I of the IPS, which describes the use of capital market theory, fiduciary oversight and liquidity management. She further noted that all fourteen plans and trusts had unique needs that had to be considered and included as part of the asset allocation study such as liquidity, the maximum level of approved risk, statutes, laws and regulatory considerations that come into play when ultimately determining the asset allocation for the plans and trusts. Ms. Palladino added that this was why the CRPTF’s were unique versus other state pension funds. She then commented on the role that each asset class fulfilled for the CRPTF, whether it enhanced return, reduced risk or provided liquidity.

Ms. Palladino then spoke about the major allocation shifts that have occurred for the three largest plans, the Municipal Employees’ Retirement Fund (“MERF”), State Employees’ Retirement Fund (“SERF”) and Teacher’s Retirement Fund (“TERF”). Ms. Palladino then reviewed all eleven funds,

in which the plans and trust invest, and provided an explanation of the role and strategy for each fund.

Ms. Palladino then reported on the September 2008 performance results and stated that for the fiscal-year-to-date the CRPTF had posted a loss of 8.5% for the first three months. For the 2008 fiscal year, she stated that at June 30 the plan stood at \$25.9 billion; at September 30 it stood at \$23.6 billion, posting a market value loss of \$2.3 billion in the quarter. Ms. Palladino commented on the market movements during October 2008, but the CRPTF results were not yet available.

In summary, Ms. Palladino reported that the IPS had been followed for the long term. She stated that the CRPTF experienced significant market value losses in a matter of just a few months. However, she pointed out the strong points of the CRPTF including a solid cash position, the CRPTF was within policy range for all asset classes except emerging market equity, fixed income credit risk was strategically reduced as a result of the IPS asset allocations, a program for the alternative fund was being created and opportunities for several asset classes may present themselves within the next year.

After Ms. Palladino's investment strategy presentation, Chairman Larkin recapped the Treasurer's opening remarks and asked the IAC members to discuss the merits of challenging the IPS asset allocation assumptions. Treasurer Nappier added that the issue at hand was both form and substance as there were IAC IPS approval responsibilities and these should be considered in light of the historic movements that have taken place in the capital markets and to ensure that the appropriate due diligence had been employed in questioning the soundness and the integrity of the IPS. She stated that there was confidence in the strategic direction as outlined in the October 2007 IPS asset allocation decision, but added that discussion was needed to either reaffirm those assumptions, to request a quick asset allocation report by the consultants, or to engage in a full blown asset and liability study. Responding to an IAC member's questions on the options available, Treasurer Nappier replied that the consultants could review the underlying market assumptions that drove the design of the asset allocations.

Discussion among the IAC members ensued. IAC members discussed the value of back-testing assumptions against a similar historic market; assessment of the assumptions that were based on MPT to determine if they were still valid and appropriate for the CRPTF; and tactical rebalancing opportunities. At the end of the discussion, IAC members confirmed that tactical rebalancing was taking place, back-testing would provide a beneficial perspective, and a review of the underlying assumptions that drive returns would be appropriate given the current market environment.

Chairman Larkin requested that Treasurer Nappier produce a report addressing the opinions of the various consultants on back-testing and a review of the underlying assumptions. Chairman Larkin then asked the IAC members to express their opinions on the asset allocation topic.

Mr. Freeman stated that he would like Treasurer Nappier to use her discretion to carry out this general conversation and to initiate a quick look at the assumptions, but reiterated that he felt the IPS was appropriate. He added that this was a once in a 50-year cycle and was not a good time to

be reactionary. Mr. Morten reiterated his position on challenging the underlying assumptions. Mr. Murray stated that the assumptions needed to be reviewed. Mr. Himmelreich agreed that the assumptions should be reviewed within the context of the long-term horizon. Mr. Thor agreed that the assumptions needed to be reviewed and commented that this need was ongoing. Ms. Thomas agreed that the assumptions could be reviewed, but she would not support decoupling from the past practice. Chairman Larkin stated that the consensus was unanimous to examine the assumptions used for the asset allocation decision process.

Presentation of Semi-Finalists for the Liquidity Fund Tier II Money Managers

Joanne Dombrosky, Principal Investment Officer, provided opening remarks for the new Liquidity Fund. She commented that the money manager search for the five semi-finalists began after the IAC endorsement of the LF at the May 2008 meeting. Ms. Dombrosky noted that Rogerscasey, the special consultant on this project, helped to identify the potential candidates and model the characteristics of the portfolio. She said that the LF was a new structure, which would allow more strategic management of cash and enable existing core bond and equity managers to stay fully invested. Ms. Dombrosky stated that the LF was comprised of three tiers, which segments the need for cash on a time-horizon basis and also diversifies the CRPTF's holdings. She further commented that the utmost priority was still liquidity and the preservation of capital in the fund. However, she added that by investing less than one third of the cash in slightly longer maturities with diversification beyond the domestic money market, generation of higher returns could be expected without adding undue risk.

Ms. Dombrosky reported that Tier I, at 70% of the LF, was currently managed by State Street Global Advisors. She noted that average maturity was about three months for Tier I, the average maturity was targeted at 18-months for Tier II and up to five years for Tier III.

Ms. Dombrosky commented on the following firms that would provide presentations for the LF Tier II Money Managers: Ambassador Capital Management ("Ambassador"), Pacific Investment Management Company LLC ("PIMCO") and Payden & Rygel. She added that these candidates have contrasting styles that complement each other and would provide good diversification for the Tier II fund.

Ms. Dombrosky commented on the following firms that would provide presentations for the LF Tier III Money Managers: Colchester Global Investors ("Colchester") and Lazard Asset Management LLC ("Lazard"). She noted that Colchester, a global mandate, only invested in high quality sovereign bonds; and Lazard, an emerging market debt manager, invested in money markets and currency within a select universe.

Mr. Morten asked if any of the candidate money managers were based in Connecticut. Discussion ensued and it was noted that Connecticut-based firms were reviewed as part of the search process.

Presentation by Ambassador Capital Management

Ambassador made a presentation to the IAC on its firm's LF Tier II program. Ambassador was

represented by Talmadge Gunn, Senior Vice President, and Gregory Prost, Chief Investment Officer. Mr. Gunn provided an overview of Ambassador and noted that it was 100% employee owned and was exclusively dedicated to fixed income management with approximately \$900 million of assets under management. Mr. Gunn stated that Ambassador's styles were designed to offer a broad range of maturities and each was tailored to fit a client's specific investment objectives and constraints. Mr. Prost highlighted Ambassador's investment process and style and investment philosophy that included a fundamental market model, yield curve management and sector/quality management. In summary, Mr. Prost commented on Ambassador's market analysis and selection process.

Mr. Morten posed questions about Ambassador's outlook for the next four to five years, whether it was time to buy risk and what indicators needed to be watched. Ambassador's team answered these questions to the satisfaction of the IAC members.

Presentation by Pacific Investment Management Company LLC

PIMCO made a presentation to the IAC on its firm's LF Tier II program. PIMCO was represented by Melody Rollins, Senior Vice President; Paul Reisz, Senior Vice President; and Saumil Parikh, Executive Vice President. Ms. Rollins provided an overview of PIMCO and stated that its investment strategies focused on identifying opportunities for its clients and servicing those clients with expertise in alternative investments, equities and fixed income. She also noted that PIMCO focused on consistent returns with diversified sources of returns. Ms. Rollins then discussed PIMCO's structure and highlighted its diverse workforce.

Mr. Reisz discussed PIMCO's enhanced cash management expertise showing a spectrum of cash strategies and alternatives. He noted that PIMCO's portfolio has been able to avoid volatility and troubles in the cash market during this difficult market and consistently outperformed the benchmark. Mr. Parikh stated that PIMCO uses top-down analyses with a bottom-up approach and said that alpha opportunities were abundant with high returns expected over the next three to five years. He then provided an overview of PIMCO's team. IAC members posed questions about PIMCO's outlook for the next four to five years, the economic outlook and the employment projections. Mr. Parikh answered these questions to the satisfaction of the IAC members.

Ms. Palladino responded to an IAC member's questions regarding PIMCO's performance in relation to the other two managers and stated that each manager would be complementary within Tier II.

Roll Call of Reactions for Ambassador and PIMCO

Chairman Larkin requested the IAC members to provide feedback on Ambassador and PIMCO. Ms. Thomas, Messrs. Thor, Himmelreich, Murray, Morten, Freeman and Chairman Larkin all said they were comfortable with both managers. Mr. Freeman added that he did favor PIMCO but both were acceptable.

Presentations by Payden & Rygel

Payden & Rygel made a presentation to the IAC on its firm's LF Tier II program. Payden & Rygel was represented by Mary Beth Syal, Managing Principal, and Michael Salvay, Principal. Mr. Salvay provided an overview of Payden & Rygel and commented on its history, mission and its diverse makeup. Mr. Salvay stated that Payden & Rygel's job would be to understand the vision of the CRPTF, execute the investment program and stay on course. He noted that Payden & Rygel has been able to weather the current economic storm through the establishment of boundaries for all of its portfolios.

Ms. Syal described how Payden & Rygel crafted a portfolio and provided a summary of its mandates. Mr. Salvay stated that its fixed income trading group provided expertise in key sectors through determining relative value, assessing supply/inventories, adhering to the guidelines and achieving superior execution. Ms. Syal highlighted the importance of liquidity and summarized by commenting on where Payden & Rygel saw value in the current market. She stated that it was not a good time to purchase asset-backed securities, but it was important to remain in high quality investments. Finally, she noted that 85% of the portfolio was AAA rated or higher, 65% was government supported and the expected yield was slightly under 3.5%. Questions were posed by the IAC members about Payden & Rygel's largest clients and its macroeconomic outlook. The Payden & Rygel team responded to these questions to the satisfaction of the IAC members.

Roll Call of Reactions for Payden & Rygel

Chairman Larkin requested the IAC members to provide feedback on Payden & Rygel. Mr. Thor, Ms. Thomas, Messrs. Himmelreich, Murray, Morten, Freeman and Chairman Larkin were all in favor.

Chairman Larkin asked for a motion to waive the 45-day comment period for Ambassador, PIMCO and Payden & Rygel. **A motion was made by Carol Thomas, seconded by Mr. Thor to waive the 45-day comment period for Ambassador, PIMCO and Payden & Rygel. The motion was passed unanimously.**

Presentation of Semi-Finalists for the Liquidity Fund Tier III Money Managers

Presentation by Colchester Global Investors

Colchester made a presentation to the IAC on its firm's LF Tier III program. Colchester was represented by Mamak Shahbazi, President, and Ian Sims, Chairman and Chief Investment Officer. Ms. Shahbazi provided an overview of ownership and structure of Colchester and noted that its business focus has been solely on sovereign bond and currency markets with an asset growth management policy for a limited group of client institutions. Mr. Sims discussed Colchester's philosophy and noted that it was a value-oriented, global fixed-income manager that invests primarily in high quality sovereign bond markets. He then explained Colchester's implementation and said that the cornerstone of its investment strategy was its global inflation research performed

by its senior investment team. Mr. Sims provided an overview of Colchester's portfolio construction and said it focused on a balanced portfolio.

Mr. Sims summarized by providing an example of a hedged portfolio for the CRPTF. IAC members posed questions about how Colchester decided on its exposure in a particular bond market, foreign currency and whether to hedge, as well as quantifying the expected return. Additional questions were posed about how Colchester controlled its asset growth to maintain its size and what its secular inflation expectations were. Mr. Sims answered these questions to the satisfaction of the IAC members.

Presentations by Lazard Asset Management

Lazard made a presentation to the IAC on its firm's LF Tier III program. Lazard was represented by Thomas Franzese, Director, and Ardra Belitz, Portfolio Manager. Mr. Franzese provided a brief history on Lazard. He stated that Lazard was a strong firm performing well in the current economic environment, did not leverage its balance sheet or loan capital. Mr. Franzese then commented on Lazard's emerging market assets, client types, investment mandates and resources.

Ms. Belitz and Mr. Franzese spoke about Lazard's emerging market platform and team members and discussed Lazard's client listing, its corporate diversity, citizenship and environmental, social and corporate governance factors. Ms. Belitz highlighted Lazard's objective and strategy its emerging markets income product and its consistent proven low volatility rate. She also described how funds have used Lazard's emerging income product and its sound emerging market fundamentals. They then reported on the product's 13-year performance history and noted that it generated 8.8% vs. the T-Bill rate of 3.7% with only slightly more risk. Ms. Belitz provided data on Lazard's emerging market income product exposure by country and noted that frontier markets have done very well. Mr. Franzese summarized with an explanation of the value Lazard would bring to the CRPTF based on its experience and firm infrastructure. The Lazard team satisfactorily answered several currency-related questions posed by IAC members along with a question about the Asian crises.

Roll Call of Reactions for the Semi-Finalists for the Liquidity Fund Tier III Money Managers

Chairman Larkin requested the IAC members to provide feedback on Colchester and Lazard. Ms. Palladino answered IAC members' questions about hedging and diversification within the Tier III mandate. Messrs. Freeman, Morten, Murray, Himmelreich, Thor, Ms. Thomas and Chairman Larkin were comfortable with both managers. Thomas Fiore abstained from voting since he was not present for part of the presentations.

Chairman Larkin asked for a motion to waive the 45-day comment period for Colchester and Lazard. **A motion was made by Michael Freeman, seconded by Stanley Morten to waive the 45-day comment period for Colchester and Lazard. The motion was passed unanimously.**

Presentation by and Consideration of Leeds Equity Partners V, L.P.

Jason Price, Principal Investment Officer, provided opening remarks and introduced Leeds Equity

Partners V, L.P. (“Leeds V”), a private equity investment opportunity. Mr. Price stated that Leeds V was a buyout fund focused on making controlled investments in middle market companies operating in the knowledge sector, which included secondary education, corporate training and other related sub sectors that provided business information services to those sectors. He commented on Leeds Equity, LLC’s (“Leeds”) investment team and noted that it was founded in 1993. Mr. Price also reported on Leeds’ historical investment track record, commenting on the performance of four prior funds. Finally, he stated that the manager was an overall solid performer.

IAC members posed questions about one of Leeds’ prior deals, size of its targeted investment market, fee structure and private equity fees. Mr. Price and Bradley Atkins, of Franklin Park, responded satisfactorily to these questions. Discussion also ensued about Leeds’ investments in private and public schools as well as in private and public charter schools and its approach to dealing with teacher’s unions. Mr. Atkins noted that Leeds now focused on secondary schools and corporate training and also stated that Leeds was one of only two funds exclusively investing in education-focused private equity. Mr. Atkins, per Chairman Larkin’s request, also reported on the returns to date for Leeds Equity IV.

Presentation by Leeds Equity, LLC

Leeds Equity, LLC (“Leeds”) provided a presentation of Leeds V. Leeds was represented by Robert Bernstein, President and Co-Founder; Atif Gilani, Principal; and Carter Harned, Managing Director. Mr. Bernstein provided an overview of Leeds and commented on its investment strategy. He stated that Leeds focused on knowledge sector industries and commented on its team and board members. Mr. Bernstein reported on Leeds IV’s performance and the status of Leeds V.

Mr. Gilani described the advantages of being industry focused and commented on Leeds’ sourcing, due diligence, and exit strategies. Mr. Harned then provided an overview of the knowledge sector industry noting the industry’s attractive growth characteristics, non-cyclical growth and that the sector exceeded average U.S. Gross Domestic Product by over 2%. Mr. Harned then described the industry sub-sectors and noted that since 1950, spending in these sub-sectors had increased. He shared a final analysis, noting that a typical opportunity in the sector must demonstrate a differentiated product, services or solutions and possess a measurable impact on outcomes.

IAC members posed questions about Leeds’ fees, definable market, whether there were investments in the technology sector, expenses within this segment of the market, past investments in private schools and the expected future returns. The Leeds’ team answered these questions to the satisfaction of the IAC members. Chairman Larkin commented on the presentation and requested the Leeds team to reconsider the management fees.

Roll Call of Reactions for Leeds Equity Partners V, L.P.

Chairman Larkin requested the IAC members to provide input on the \$25 million - \$40 million investment in Leeds V. Mr. Fiore was in favor of Leeds V. Messrs. Himmelreich, Freeman, Thor

and Chairman Larkin were in favor with reservations. Messrs. Murray and Morten were against the investment. Ms. Thomas abstained.

Chairman Larkin asked for a motion to waive the 45-day comment period for Leeds V. **A motion was made by Mr. Thor seconded by Mr. Himmelreich to waive the 45-day comment period for Leeds V. The motion was passed unanimously by all.**

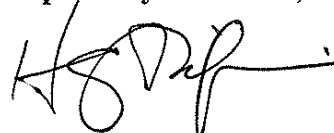
Comments by the Chairman

Chairman Larkin said that he looked forward to seeing the IAC members at the Special IAC Meeting at 9:00 a.m. on Thursday, November 13, 2008. Ms. Thomas stated that the Asset Allocation Committee would meet briefly during lunch on November 13, 2008.

There being no further business, the meeting was adjourned at 3:15 p.m. **An audio tape of this meeting was recorded.**

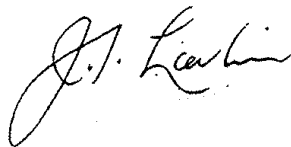
An audio tape of this meeting was recorded.

Respectfully submitted,



**HOWARD G. RIFKIN, DEPUTY TREASURER
for
DENISE L. NAPPIER, SECRETARY**

Reviewed by



**JAMES T. LARKIN
CHAIRMAN**